

Message Text

CONFIDENTIAL

PAGE 01 QUITO 07714 110252Z
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-05 CEA-01 L-03 H-01 DODE-00 PA-01 PRS-01
/085 W

-----061972 112145Z /72

R 102100Z NOV 77
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 6329
INFO AMCONSUL GUAYAQUIL

CONFIDENTIAL QUITO 7714

E.O. 11652: GDS
TAGS: ENRG, EINV
SUBJECT: ESSO ANDINA WITHDRAWING FROM ECUADOR AFTER UNSUCCESSFUL
LEGAL EFFORTS AGAINST GOE TAKE-OVER

REF: 76 QUITO 7236

1. MANAGER OF ESSO ANDINA, INC., HAS INFORMED THE EMBASSY IN
A LETTER DATED NOVEMBER 9 THAT IT IS IN THE PROCESS OF
WITHDRAWING FROM ECUADOR BECAUSE "THE COMPANY HAS EXHAUSTED ALL
LEGAL REMEDIES IN ECUADOR, AND THE ECUADOREAN GOVERNMENT HAS
MADE IT CLEAR IT IS NOT DISPOSED TO PAY THE PROMPT, ADEQUATE
AND EFFECTIVE COMPENSATION FOR THE COMPANY'S SEIZED ASSETS
THAT IS REQUIRED BY INTERNATIONAL LAW".

2. COMPANY'S COMMUNICATION TO THE EMBASSY GOES ON TO SAY:
"THE LOSS INVOLVED FOR THE ESSO INTERESTS IS THE RELATIVELY
MODEST SUM OF APPROXIMATELY DOLLARS 600,000. MORE
IMPORTANTLY, IT IS CERTAINLY A PERNICIOUS PRECEDENT, NOT IN
THE LARGER INTERESTS OF THE UNITED STATES, THAT PROPERTY
OWNED BY US NATIONALS MAY BE CONFISCATED BY A FOREIGN
GOVERNMENT, WITHOUT COMPENSATION WHATEVER."

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3. IN A DISCUSSION WITH EMBOFFS THE COMPANY'S MANAGER,
NESTOR VALENZUELA, EXPLAINED THAT THE FIGURE OF \$600,000
REPRESENTS THE DIFFERENCE BETWEEN THE COMPANY'S BOOK
VALUE OF APPROXIMATELY \$230,000 AND THE ESTIMATED
MARKET VALUE.

4. VALENZUELA SAID THAT ESSO ANDINA IS NOT (REPEAT NOT) AT THIS TIME REQUESTING THE USG TO MAKE ANY REPRESENTATIONS TO THE GOE ON THIS MATTER. HE SAID THE COMPANY'S STRATEGY IS TO AWAIT THE ENTRY OF A NEW GOVERNMENT IN ECUADOR, AS SCHEDULED FOR NEXT YEAR, IN THE HOPE THAT THE NEW GOE AUTHORITIES WILL BE MORE FORTHCOMING.

BLOOMFIELD

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NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, PETROLEUM INDUSTRY, CLAIMS
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977QUITO07714
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770418-0127
Format: TEL
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771174/aaaacb.u.tel
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Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 QUITO 7236
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 640205
Secure: OPEN
Status: NATIVE
Subject: ESSO ANDINA WITHDRAWING FROM ECUADOR AFTER UNSUCCESSFUL LEGAL EFFORTS AGAINST GOE TAKE-OVER
TAGS: ENRG, EINV, EC, US, ESSO ANDINA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/faada91d-c288-dd11-92da-001cc4696bcc
Review Markings:
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